

# UAC INSURANCE MUTUAL

## *Board of Trustees Meeting*

Thursday, May 28, 1998, 9:30 a.m.

Utah Association of Counties Offices

**A G E N D A**

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9:30	Call to Order	Gary Herbert
	Review of Board Members Absent	Gary Herbert
	Approval of March 12, April 16 and May 11, 1998, Minutes	Gary Herbert
	Presentation of Consultant Report	Brett Rich
	Review of UACIM Position Descriptions	Gary Herbert
	Board Policy on Claim Expense Payments	Brett Rich
	Loss Control Managers Report	Shawn Guzman
	Broker Report	John Chino
	Gallagher Quarterly Review	Brett Rich
	Weber County Membership	Brett Rich
	Non-Owned Vehicle Policy	Brett Rich
11:00	NACo Financial Services Personal Lines Insurance	Scott Borden
11:30	Lunch	
	Director's Report	Brett Rich
	Board Policy on Conflict of Interest Forms and Reporting	Brett Rich
	Review and Update of Joint Policy Statements	Brett Rich
	Interest Calculation on Debentures	Brett Rich
	Summary of January, February, March 1998 Financial Statements	Brett Rich
	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	
	Action on Litigation Matters	Kent Sundberg
	Set Date and Time for Closed Meeting to Discuss the Character, Professional Competence, or Physical or Mental Health of an Individual	
	Other Business	Gary Herbert

1:00 Adjourn

**4021 South 700 East, Suite 180, Salt Lake City, UT 84107**





UTAH ASSOCIATION  
OF COUNTIES  
INSURANCE MUTUAL

## UACIM BOARD OF TRUSTEES MEETING

### MINUTES

May 28, 1998, 9:30 a.m.

Utah Association of Counties Offices

#### BOARD MEMBERS PRESENT

Gary Herbert, *President*, Utah County Commissioner  
Jerry Hess, *Vice President*, Davis County Deputy Attorney  
Dannie McConkie, *Secretary/Treasurer*, Davis County Commissioner  
Chad Johnson, Beaver County Commissioner  
Tony Dearden, Millard County Commissioner  
Ty Lewis, San Juan County Commissioner  
Monte Munns, Box Elder County Assessor-Treasurer  
John Swasey, Duchesne County Commissioner

#### BOARD MEMBERS ABSENT

Tex Olsen, Sevier County Commissioner

#### OTHERS PRESENT

Kent Sundberg, Chairman, Litigation Management Committee  
Brent Gardner, UAC Executive Director  
Brett Rich, Director, UACIM  
Shawn Guzman, UACIM Loss Control Manager  
Sonya White, UACIM Administrative Assistant  
John Chino, GRMS Account Executive  
Doug Alexander, McLarens Toplis Claims Manager

#### CALL to ORDER

Gary Herbert called the meeting to order and welcomed those in attendance.

#### REVIEW of BOARD MEMBERS ABSENT

Tex Olsen requested to be excused from this meeting, he is attending his son's graduation. Ed Phillips requested to be excused from this meeting due to a prior commitment. Jerry Hess made a motion to excuse Tex and Ed from this meeting. John Swasey seconded the motion, which passed unanimously.

#### APPROVAL OF MINUTES

The minutes of the Board of Trustees meeting held on March 12 and April 16, 1998 and the Telephonic Conference held on May 11, 1998 were previously sent to the Board Members for review. Chad Johnson made a motion to approve the minutes as written. Ty Lewis seconded the motion, which passed unanimously.

#### PRESENTATION of CONSULTANT REPORT

Brett Rich gave each Board Member a copy of the *Management Review* completed by Warren, McVeigh & Griffin. Brett explained that he received the report yesterday and has not had the opportunity to completely review it. He did though have the opportunity to completely review the draft report in which several errors were found. These errors were reviewed and discussed with Jim Bukowski and the final report appears to have either corrected or addressed these errors.



On page five of the *Management Review*, Brett reviewed the *Index of Recommendations* with the Board. He explained that numbers 1, 2, and 3 deal with the *Coverage Agreement*, which UACIM is and has been examining the possibility of writing its own form—John Chino is preparing information to present to the Board at a future meeting. Number 4 addresses *Core and Optional Insurance Coverages*, which UACIM has and continues to provide coverage enhancements. Numbers 5-12, *Property Insurance Programs*, recommends that the Mutual clarify/specify how the policy sublimits relate to the Self-Insured Retention. Numbers 13-18, *Liability Insurance Program*, recommends that the Mutual purchase a separate Employment Practices Liability (EPL) policy. Numbers 19-23, *Umbrella Insurance Program*, recommends addressing some of the exclusions in this policy form. Brett requested that the Board continue to review the remaining recommendations but addressed number 33, *Claims Audit*, which recommends the scheduling of a claims audit. The examiners found that an actual independent audit of the claims handling function has not been performed since the inception of the Mutual. It is prudent practice to regularly schedule this type of audit and Brett will begin the RFP process and audit to be completed within the next six months.

The Board reviewed the Mutual's Principal Coverage Features, page 13, 15 and 16, and directed John Chino to make recommendations to the Board at the next meeting for those coverages not listed as *favorable*.

Brett explained that he does not feel that Warren McVeigh & Griffin did a good job in comparing the Mutual with other state pools and private insurers. Brett explained to Jim Bukowski that this was one of the main reasons, as outlined in the RFP, for this review and would therefore, appreciate more detail and effort in this area.

Brett will schedule an Advisory Committee meeting so that the Committee can make recommendations to the Board. The Board will address any additional errors and concerns at the next meeting to present to Jim Bukowski for consideration and will also decide whether Warren McVeigh & Griffin should personally present the review.

#### REVIEW of UACIM POSITION DESCRIPTIONS

Brett Rich explained that in the *Management Review* and the *Financial Examination* it was recommended that the position descriptions be updated. Brett also requested that the Board clarify the Director's description. The following recommendations were made:

- Correct the title of the UACIM Director, which is listed as Assistant Administrator throughout the description. Also, the Executive Director should be referred to as the UAC Executive Director.
- Correct language in the Loss Prevention Manager's description, to read: *Serves as liaison between UAC Insurance Mutual and member counties.*
- Under UACIM duties of the Executive Assistant, change number two to read: *Assists in the coordination of Committee meetings.*

Chad Johnson made a motion to approve these recommendations to be presented to the UAC Board of Directors for final approval. Dan McConkie seconded the motion, which passed unanimously.

#### BOARD POLICY on CLAIM EXPENSE PAYMENTS

Dan McConkie made a motion to address this issue at the next meeting. Monte Munns seconded the motion, which passed unanimously.

#### LOSS CONTROL MANAGERS REPORT

Shawn Guzman reviewed the following items from his written report (see attachment #1).

- Conducted a property audit with Mitch Irlenborne of Great American in five counties. Beaver County has already replied to the written report sent to the five counties.
- Good attendance at the County Session during the Road School in St. George and at the Personnel Workshop held in Utah County. The Loss Control Department will continue to conduct these types of training seminars.
- Working to pool all law enforcement agencies to compile one uniform set of physical training standards.
- Five counties participated in the Small Agency Skills Workshop. The Law Enforcement Committee would like to recommend that the Board approve the cost of presenting an award to the highest scoring individual at the workshop. Dan McConkie made a motion to present an award (valued at approximately \$50.00) to the highest scoring individual from the Small Agency Skills Workshop. Monte Munns seconded the motion, which passed unanimously.
- Law Enforcement Personnel Administration and Loss Prevention Seminar is scheduled for June 19 in Ogden. Randy Means will be the lecturer.



## NACO FINANCIAL SERVICES PERSONAL LINES INSURANCE

Brett explained that NACo Financial Services is marketing a personal lines insurance program for the benefit of county employees. With the insurance background of the Board, Brent Gardner would like the Members to look at this program and make a recommendation to the counties. Brett Rich introduced Scott Borden, AIG Account Executive. Scott Borden reviewed his written presentation with the Board (see attachment #2) explaining the program, benefits and savings. The UACIM staff participated in a telephonic test in which they received quotes for their personal insurance policies. The staff experienced long delays in receiving their quotes but saved money on almost all their policies. Dan McConkie made a motion for the Board Members to participate in a telephonic test period and discuss the effects of this program with their county personnel directors. The Members will report at the next meeting. John Swasey seconded the motion, which passed unanimously.

## WEBER COUNTY MEMBERSHIP

Brett Rich announced that as of June 1, 1998, Weber County would be the newest member of the UAC Insurance Mutual. Dave Wilson, Weber County Deputy Attorney, made a recommendation to join the Mutual to the County Commission who accepted the recommendation. The Commission decided that a personal presentation to them was not necessary. Brett explained that the County requested that the fair ground policy remain with their local agent, therefore, the cost to insure the fair grounds, approximately \$5,000, will be deducted from the premium approved by the Board during the May 11, 1998 telephonic conference. The Board directed Kent Sundberg to extend an invitation to Dave to serve on the Litigation Management Committee. A welcome letter from the Board will also be sent.

## BROKER REPORT

The Board requested John Chino's opinion of the Management Review. John stated that he feels the Report is good but that Warren McVeigh & Griffin is not clear as to whether they are commenting on the Mutual and the coverages the Mutual provides to its members or the excess insurance contract. It is necessary to understand the distinction between the Mutual's \$250,000 self-insured retention and the excess insurance limits. When coverages and limits are recommended by the Underwriters, they have taken into consideration the philosophy of the Mutual in that if unnamed locations are limited to \$100,000 it is the philosophy that the Mutual does not want to pay out \$250,000 for those types of claims. Warren McVeigh & Griffin did not take this philosophy into consideration in their report. The Board directed Brett Rich and John to address the coverage recommendations, in writing, for the Board to review at the next meeting.

## GALLAGHER QUARTERLY REVIEW

The Board reviewed the 15 performance standards with John Chino (see attachment #3). There was a concern with Items 11 and 12—*Review policies, endorsement and certificates for accuracy and Issue certificates of insurance, when necessary, within 24 hours of our receipt of the request.* This will be discussed during the *Non-Owned Vehicle Policy* agenda item. Chad Johnson made a motion to approve the performance measure bonus of \$5,000 for the first quarter 1998. Monte Munns seconded the motion, which passed unanimously.

## NON-OWNED VEHICLE POLICY

Brett Rich explained that a certificate of insurance for the School District was requested by one of the member counties. Apparently, the Counties often lease busses from the School Districts and State Risk Management has begun requesting proof of insurance. With this request, questions and concerns arose as to what is covered under the Mutual's policy. It was determined that the members are covered for this type of contractual arrangement for liability but coverage for physical damage to the bus is excluded when a School District employee is driving. Also, there are conflicting interpretations of the policy language as to whether the liability provided is primary or secondary to the vehicle owner's policy. Brett interprets the policy language as being that the counties do have the ability, through contract, to provide the primary coverage for liability. State Risk Management did not accept the certificate, so the County chartered a bus for approximately \$250.

The Board directed Brett to make a firm recommendation to the Board at the next meeting as to how the Mutual should address this issue. Brett was also directed to draft a notice to the member counties, on behalf of the Board, explaining the issue and coverages and recommending that the counties proceed with caution in leasing any non-owned vehicles until the Board has had an opportunity to make a decision on this issue.

## DIRECTOR'S REPORT

Brett Rich gave each member a copy of the Management Letter and annual Financial Audit for the year ending 1997 prepared by Larson & Company. The Board will review the audit and discuss any questions or concerns at the next meeting.

Brett reported that he has requested a hearing with the Insurance Department to discuss the Bylaw changes but the Department has not confirmed a date yet.





#### BOARD POLICY on CONFLICT of INTEREST FORMS and REPORTING

Dan McConkie made a motion to address this issue at the next meeting. Monte Munns seconded the motion, which passed unanimously.

#### REVIEW and UPDATE of JOINT POLICY STATEMENTS

Dan McConkie made a motion to address this issue at the next meeting. Monte Munns seconded the motion, which passed unanimously.

#### SET DATE and TIME for CLOSED MEETING

Monte Munns made a motion to set the date and time for a closed meeting to begin at 12:50 p.m. on May 28, 1998, to discuss pending or reasonably imminent litigation. Chad Johnson seconded the motion, which passed unanimously.

Ty Lewis made a motion to conclude the closed meeting at 1:35 p.m. on May 28, 1998. John Swasey seconded the motion, which passed unanimously.

#### ACTION on LITIGATION MATTERS

Chad Johnson made a motion giving settlement authorization up to \$70,000 for claim number 801DAV967015. This amount includes damages and plaintiff attorney fees. Jerry Hess seconded the motion, which passed unanimously.

Relating to the Washington County matter, John Swasey made a motion to inform the County that the appointment of counsel through the Mutual is premature at this time but if they believe that due to the inherent conflict counsel should be appointed now, the County may appoint whom they want. Monte Munns seconded the motion, which passed unanimously.

#### INTEREST CALCULATION on DEBENTURES

Brett Rich explained that during the examination by the Insurance Department the examiner determined that the Mutual has been calculating interest improperly on the debentures. NAIC (National Association of Insurance Commissioners) has a rule that states that a Mutual Insurance Company cannot pay compound interest on a debenture only simple interest. The Mutual was unaware of this rule. The Mutual agreed to pay one percent above the State Treasurer's rate on the debentures. The Treasurer's rate is compounded and the Mutual has been compounding the one percent additional since the inception of the Mutual. The Department is claiming that the Mutual must refigure the interest, using simple interest, back to when it started accruing. Brett has been working with other public agency pools to propose exempting mutuals from NAIC requirements. He will report to the Board at the next meeting as to how this effort is evolving. Brett recommended that the Board visit with the debenture counties to explain this issue. Once this issue is resolved and the hearing involving the Bylaws is complete, Brett will request a hearing to petition the Insurance Commissioner to base the payback of the debentures on the new code requirement of \$1.7 million in surplus.

#### SUMMARY of JANUARY, FEBRUARY 1998 FINANCIAL STATEMENTS

Brett Rich explained that the January and February statements showed a sensational increase in surplus. In reviewing this with the new Accountants, Larson & Company, Brett found that they were not calculating the IBNR's into the losses. By doing this, the surplus has an artificial appearance throughout the year, then at the end of the year the surplus would decrease when IBNR's are included. Brett requested that the accountants include the IBNR's in the losses (as the accountants have done since the inception of the Mutual) so there is a continual steady growth in surplus. Either way is an acceptable accounting practice. Ty Lewis made a motion ratifying the action of the Director. Tony Dearden seconded the motion, which passed unanimously.

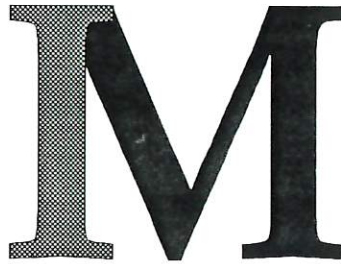
#### OTHER BUSINESS

The next meeting of the Board of Trustees will be held on June 25, 1998 at 9:30 a.m. at the UAC offices.

Approved on June 25, 1998

  
Dannie R. McConkie, MACIM Secretary-Treasurer  
Davis County Commissioner





UTAH ASSOCIATION  
OF COUNTIES  
INSURANCE MUTUAL

## Memorandum

To: UACIM Board  
CC:  
From: Shawn Guzman, Loss Control Manager  
Date: 05/28/98  
Re: Loss Control Report for <sup>May</sup>~~February~~ 1998

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### Loss Control Report:

1. County Visits with Mitch Irlenborne, Loss Prevention Consultant with Great American: 3/31 Kane County; 4/1 Washington County; 4/2 Iron County & Beaver County; 4/3 Garfield County & follow up in Washington County.

Mitch has sent out his reports to each of the counties and we awaiting responses from the counties. (Except Beaver)

Cleared up questions on property lists (one county dropped the properties, the other was our fault) and Washington County decided to re-list the properties which increased their premium \$11/year.

Other County visits: Box Elder, San Juan, and Uintah.

2. Road School

Workshops for commissioners on road rights of ways, easements, and vacations. Well attended and well received.



3. Personnel Conference

Pass around agenda: Workshops on terminations, due process, drug testing, and case studies. Lunch speaker was well received.

Very positive feedback. Approximately 90 attendees.

URMMA has asked to co-sponsor a fall personnel conference. I will discuss this with the UACIM Personnel Committee.

4. Physical training standards for law enforcement and corrections personnel  
URMMA proposed on behalf of Police Chiefs.

I agreed if POST and Corrections on board.

I have met with Sid and Dennis. Corrections and POST on board.

Need funding, exact cost yet to be determined.

5. Report on Small Agency Skills Workshop and Award

Five Counties participated:

- a. Duchesne
- b. Washington
- c. Cache
- d. San Juan
- e. Sevier

POST is calculating the scores. An award from UACIM presented at the Sheriff's Association November meeting for the high score would give the Small Agency Skills Workshop a higher profile and possibly encourage more participation in the future. The UACIM Law Enforcement Committee decided to give the award to the individual, rather than the office.

7. Law Enforcement personnel seminar (co-sponsor URMMA)

June 19<sup>th</sup> at the Egyptian Center in Ogden.





# **LAW ENFORCEMENT PERSONNEL ADMINISTRATION AND LOSS PREVENTION**

Sponsored by

**Utah Risk Management Mutual Association (URMMA)  
Utah Association of Counties Insurance Mutual (UACIM)**

**June 19, 1998**

**9:00 a.m. to 4:00 p.m.**

**(Lunch will be served during seminar)**

**Ogden Egyptian Center**

**David Eccles Conference Center**

**2415 Washington Blvd., Ogden, Utah**

This program will assist law enforcement supervisors and managers deal with their personnel effectively. From pre-employment issues to disciplinary and termination issues, this program deals with the greatest liability issues facing law enforcement administrators in a straightforward manner, emphasizing practical, positive and proactive solutions that work.

**Presenter: Randy Means**

Randy Means is a nationally recognized expert in liability issues and travels extensively around the country training law enforcement officials. He is the co-editor of the *Police Law Journal* and co-founder of the Southeastern Center for Police Law and Liability Management. Mr. Means is a partner in the law firm of Smith, Schroeder, Thomas and Means. He is the former chairman of the Legal Department at North Carolina's State Law Enforcement Training Center. He has served as the police attorney and assistant city attorney for the City of Charlotte, North Carolina, and is a frequent trainer for Sheriff Offices and the International Association of Chiefs of Police. He has a doctorate from the University of North Carolina.

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Please register me for the Law Enforcement Personnel Administration and Loss Prevention seminar. Registration is \$20 for URMMA and UACIM members and \$50 for non-URMMA or non-UACIM members. Questions: Please call 801-225-6692.

Name \_\_\_\_\_

Organization \_\_\_\_\_

Position \_\_\_\_\_ Phone \_\_\_\_\_

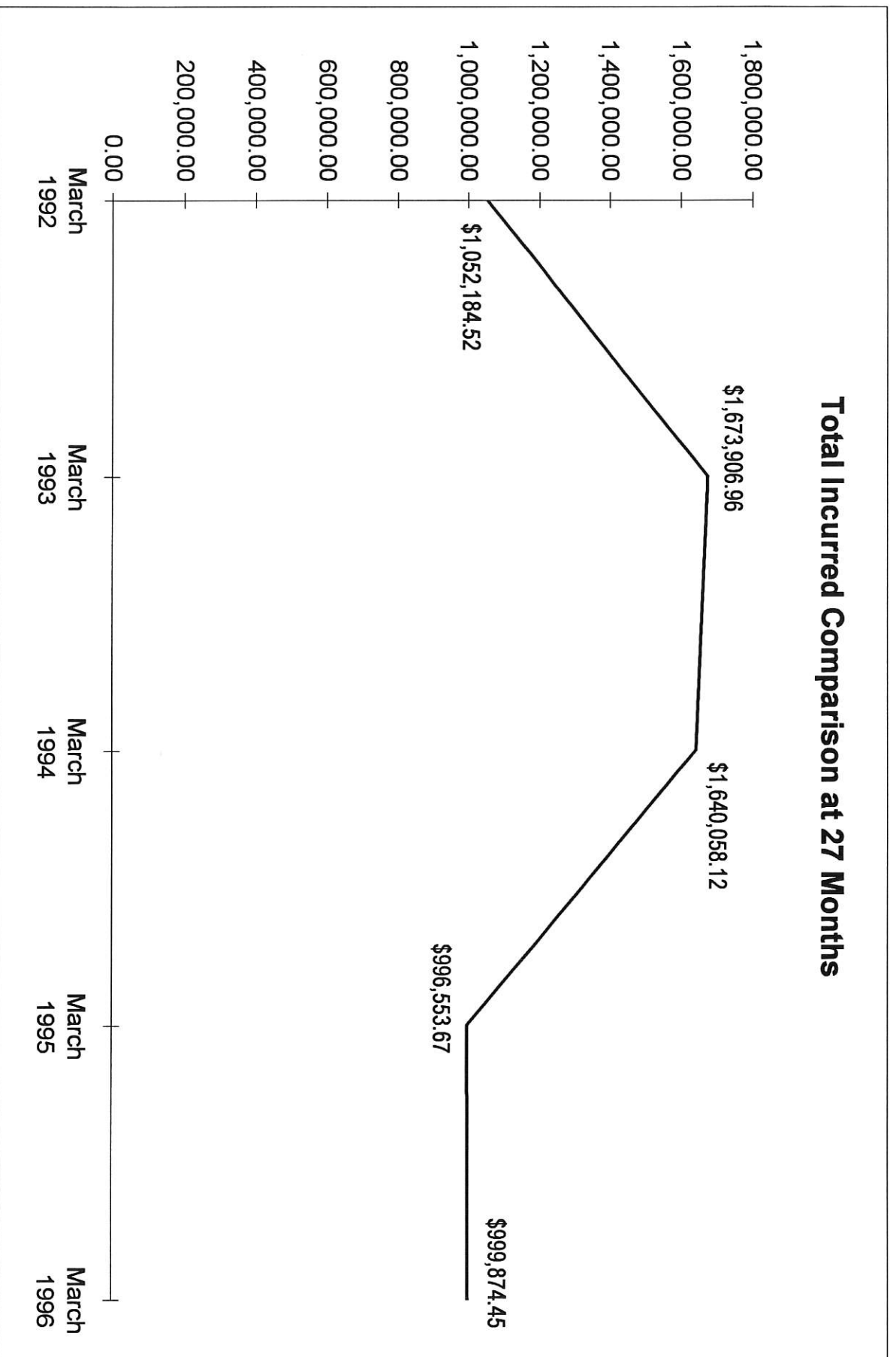
Please return the bottom of this form and your check by June 12 1998 to: Utah Risk Management Mutual Association, 360 West 920 North, Suite 100, Orem, Utah 84057, or Fax to 801-225-6879. Note: Registration fees cannot be refunded after June 16.





# UAC Insurance Mutual

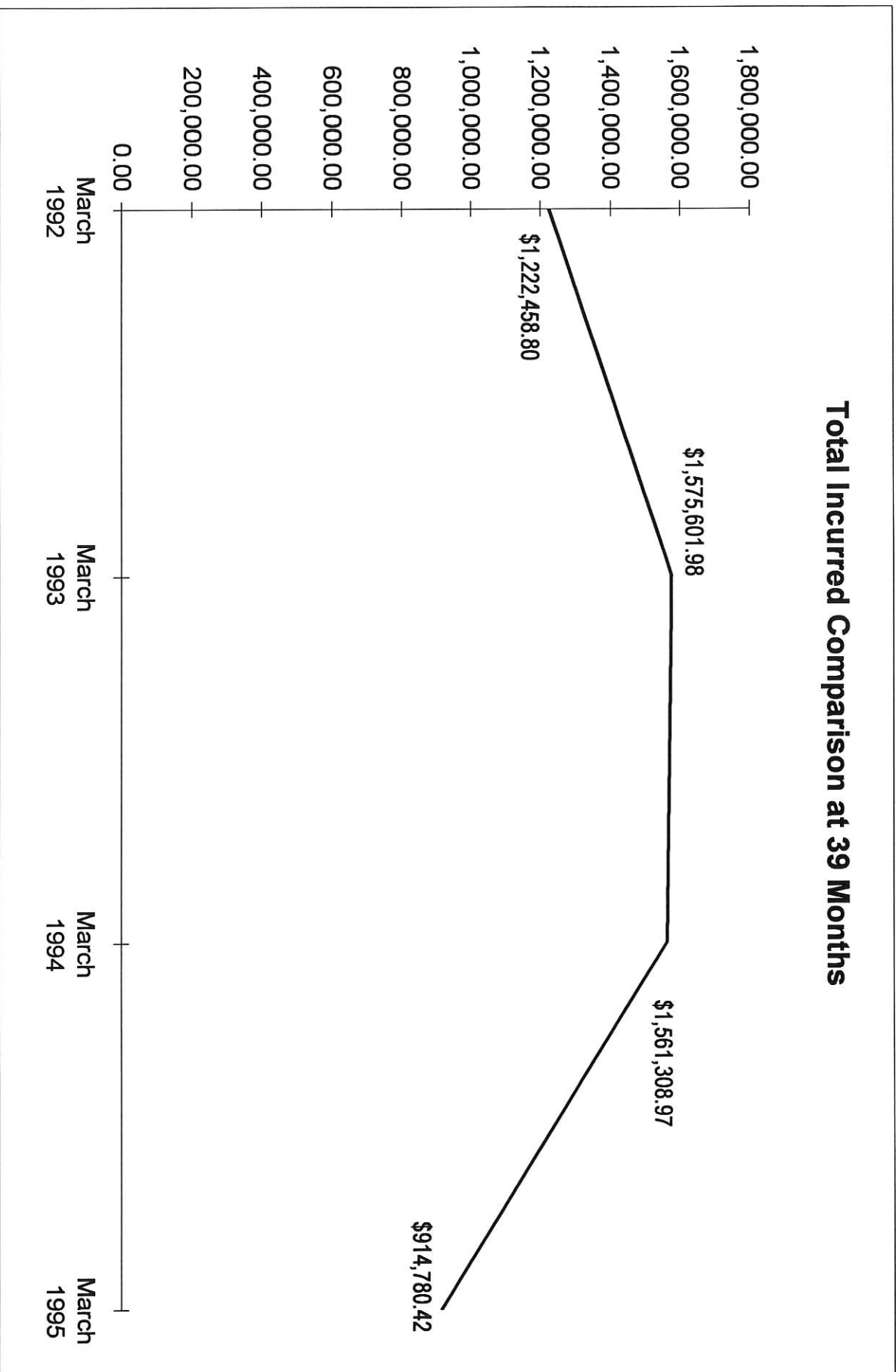
## Total Incurred Comparison at 27 Months





# UAC Insurance Mutual

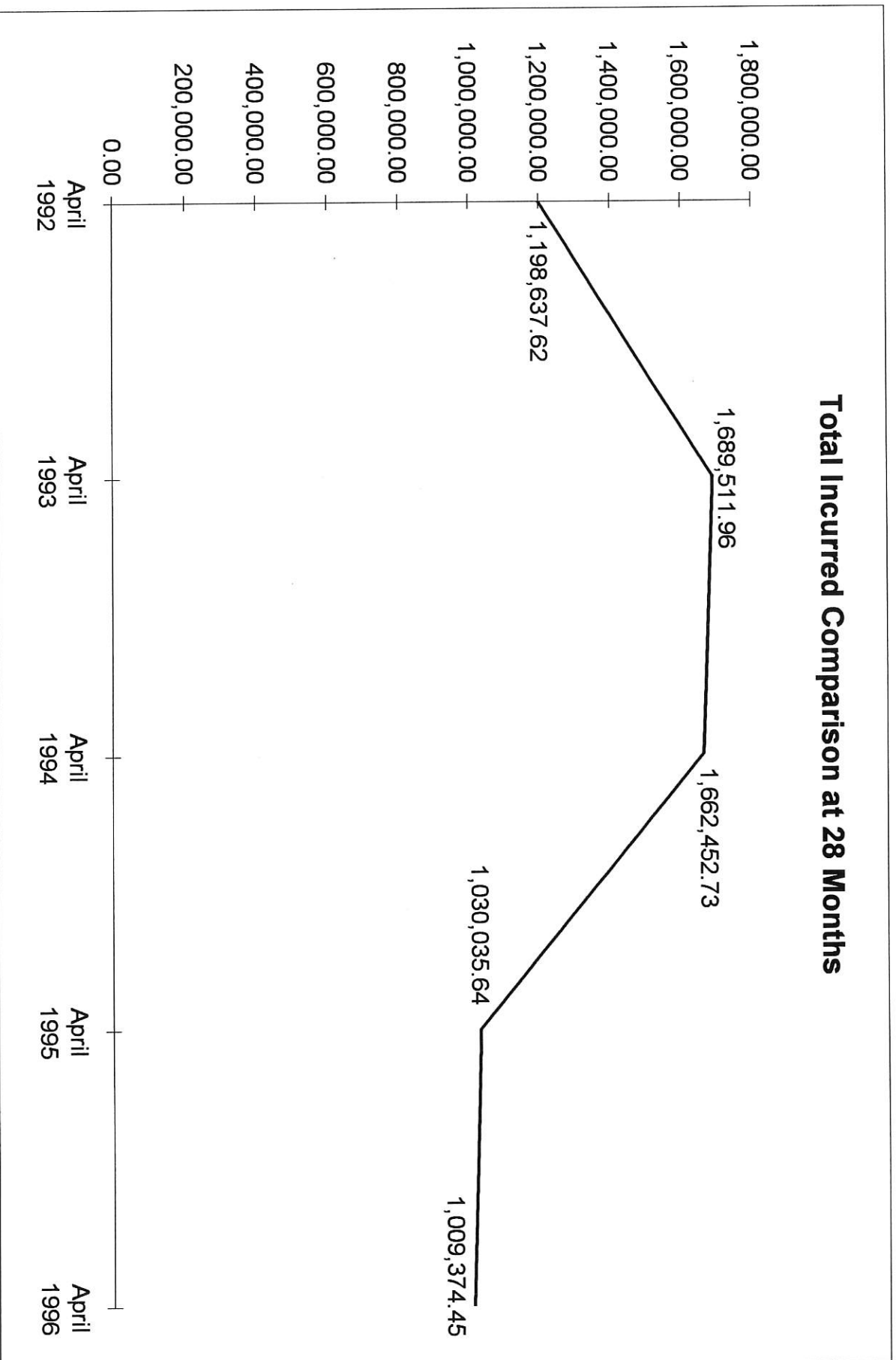
## Total Incurred Comparison at 39 Months





# UAC Insurance Mutual

## Total Incurred Comparison at 28 Months





# UAC Insurance Mutual

## Total Incurred Comparison at 40 Months

